

Idaho Individual Development Accounts Program Subgrant Description

Purpose: The Department of Health and Welfare is seeking to identify community-based nonprofits and government agencies that show the interest, ability and financial stability to implement and operate an Individual Development Account (IDA) Program in Idaho. The Department will award up to \$100,000 per year to the successful agency. Awards may be made to multiple agencies. Each subgrant will be awarded for a 2-year period. Continuation and/or expansion of IDAs subgrants will be dependent on the availability of federal funding. Funding for this program comes from the Temporary Assistance for Needy Families (TANF) Block Grant.

Background: Under the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, States can incorporate IDAs into their state plans. The law stipulates that IDAs can be set up by or on behalf of an individual eligible for assistance under the State's TANF plan for the purposes of post-secondary education, to buy a first home, or to capitalize on a business. The IDA Program uses an assets-based approach to giving low-income families a hand out of poverty.

IDA projects help participants save earned income in special-purpose, matched savings accounts. Every dollar in savings deposited into an IDA by participants is matched by the project, promoting savings and enabling participants to acquire a lasting asset. Upon successful completion of the program, IDA project families use their savings, including the matching funds, to achieve any of three objectives: acquiring a first home; capitalizing a small business; or enrolling in postsecondary education or training.

Additionally, all IDA projects must provide basic financial management training and supportive services, such as financial education on owning and managing a bank account or a credit card; credit counseling and repair; guidance in accessing refundable tax credits, including the Earned Income Tax Credit and the Child Tax Credit; and specialized training in owning particular assets for the long term.

Application Requirements: All successful applicants will meet the following minimum requirements by describing their ability:

- to demonstrate a proven history of successfully implementing and operating an IDA program by providing data demonstrating their program's effectiveness;
- to provide a list of partners who have a role in the IDA program;
- to provide ***Maintenance of Effort**** (MOE) dollars matching, at a minimum, the amount of the subgrant request;
- to describe the method that will be used to verify TANF eligibility for the families enrolled in the IDA Program.

Maintenance of Effort (MOE): The TANF block grant program has an annual cost-sharing requirement, referred to as "**maintenance of effort**," or "**MOE**." Every fiscal year each State must spend a certain minimum amount of its own money to help eligible families in ways that are consistent with the purposes of the TANF program. Successful agencies will describe those services they already provide (which are not federally-funded) which meet the MOE requirements and the amount of funds that will be used to finance those services each year.

Framework for Determining What Counts: For expenditures to count toward MOE, the expenditure must be a **qualified state expenditure**. Such expenditures must:

- be for an allowable purpose;
- be with respect to an eligible family;
- not otherwise excludable;
- be private or public non-federal funds that are not being utilized as a match for any other federal funding source.

Allowable Purposes: The federal law lists five allowable purposes for which expenditures can count toward MOE requirements: cash assistance; child care assistance; educational activities designed to increase self-sufficiency, job training and work; or any other use of funds reasonably calculated to accomplish one of the four TANF purposes (see below).

TANF Purposes: Any other use of funds reasonably calculated to accomplish the purposes of the TANF block grant. The purpose language of TANF [42 U.S.C. '601(a)] says that "the purpose of this part is to increase the flexibility of States in operating a program designed to:

- (1) provide assistance to needy families so that the children may be cared for in their homes or in the homes of relatives;
- (2) end the dependency of needy parents on government benefits by promoting job preparation, work, and marriage;
- (3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and
- (4) encourage the formation and maintenance of two-parent families.

Thus, any expenditure "reasonably calculated" to accomplish one or more of the above four purposes can be countable; keep in mind, however, that the expenditure must be for a member of an eligible family.

IDA Program Subgrant Application

Name of Organization:

Address:

City, State, Zip:

Contact Person:

Phone Number:

Amount Requested:

Total Project Budget:

What is your organization's mission?

Please provide the following information and attach to your application:

- The Structure of your organization:
 - A description of the services your organization provides, including the type of agency (non-profit, faith-based, not-for-profit, etc).
 - Qualifications of the individuals who will be involved in the project;
 - What your organization does
- Describe your agency's activities and funding that meet MOE requirements (MOE must be equal to or greater than the amount requested in this application).
- Describe your agency's history of successfully implementing and operating an IDA program;
- Budget for this project
- Letters of support from partners substantiating your partnerships.
- Letters of support substantiating your agency's proven track record with IDA programs.

Information about Your Proposal:

- Describe the project you intend to implement with this funding.
- Describe your target population and how you will verify eligibility for the program.
- Describe how you will effectively work with families in order to promote self reliance through financial literacy education.
- Describe how you will assist families in accessing refundable tax credits.
- Describe your proposed service delivery area, and any plans for expansion, if applicable.
- Describe the numbers of families to be served each year.
- Describe the anticipated average cost per family.
- Describe your definition of successful completion of the program and the anticipated outcomes.
- Describe any planned activities to enhance the likelihood of long-term success for families.
- Describe any planned activities to track the effectiveness of the investment in IDAs for families that successfully complete the program.